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THAILAND-US: Prime Minister Prem's Visit

*Prime Minister Prem, who is visiting the US, heads a coalition government that is highly concerned about Thailand's security and is beset by complex and longstanding political and economic problems. Prem will seek assurances of continued US support and strive to use the visit to improve his image at home and increase his government's prestige.* [redacted]

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Thailand's security and the situation in Kampuchea are likely to dominate Prem's meetings with US officials. Bangkok is primarily worried about the presence of a large number of Vietnamese troops along the Thai-Kampuchean border and the growing Soviet presence in Indochina. [redacted]

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A serious military defeat by the Vietnamese would badly shake the regime. The Thai want accelerated sales of US military equipment for their own defense and reassurance of adequate assistance if they are attacked. [redacted]

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The Thai are particularly concerned over the lack of progress in forming an effective coalition government of the three Kampuchean resistance leaders. Talks among the groups representing Prince Sihanouk, former Prime Minister Son Sann, and Pol Pot have reached an impasse despite intense Thai pressure to keep the discussions on track. [redacted]

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Since an agreement to seek a coalition was signed in early September, an ad hoc committee has met six times with little success. The Pol Pot faction has hampered progress by discussing basic political principles. [redacted]

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Pol Pot probably believes he has no need to compromise. His Democratic Kampuchean seat at the UN is secure for another year, and his 35,000 guerrillas have made small but steady gains against the Vietnamese over the past rainy season. [redacted]

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China continues to support Pol Pot's position and reportedly has asked the Thai to ease the pressure for concessions. This has heightened ASEAN's apprehensions that Beijing seeks Pol Pot's return to power in order to enhance Chinese influence in the region. [redacted]

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Although the non-Communist Kampuchean People's National Liberation Front led by Son Sann has about 6,000 guerrillas, they remain an ineffective fighting force. During his visit, Prem may raise the issue of military and other materiel support to strengthen the Front. [redacted] 25X1

Son Sann has complained that the slow expansion and low level of activity of his forces are due to shortages of weapons and ammunition. Inadequate food supplies also are cited as discouraging potential recruits from joining the Front. Even with an increase in aid, however, Son Sann's ability to recruit large numbers of troops remains doubtful. [redacted] 25X1

#### The Refugee Problem

Bangkok has been generally satisfied with US action on the resettlement of Indochina refugees, although Prem is likely to seek assurance of continued aid and a promise that no refugees will be left in Thai camps. The total refugee camp population in Thailand has declined from a high of over 300,000 to about 200,000. [redacted] 25X1

With the food situation in Kampuchea again deteriorating, however, the Thai over the next few months could face large numbers of Kampucheans migrating to the border seeking food. Some Thai leaders have already proposed harsh measures to cut off the refugee flow, especially from Vietnam. [redacted] 25X1

#### Counting on the US

Prem looks to US guarantees to strengthen his political position at home. Although he appears to be in no immediate danger of being ousted, he has been widely criticized for his poor leadership and economic ineptitude. He is unpopular with elements of the public, has lost support among some factions of the military, and may be losing crucial palace support as well. Prem also faces an impending challenge from former Prime Minister Kriangsak, who recently returned to politics. [redacted] 25X1

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The preoccupation of recent regimes with narrow political interests has hindered efforts by the Thai Government to deal with economic problems. Government increases in fuel and electricity prices and an 8.7-percent devaluation of the baht ensure that the rate of inflation will approach 20 percent this year. [redacted]

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The trade deficit, caused by a poor export performance in the first quarter and high oil import costs, will result in another large current account deficit in 1981. During their visit here, Thai officials will promote trade and sound out US officials on commodity agreements and greater access to US markets for Thai consumer goods. [redacted]

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In return for a two-year \$940 million standby credit from the IMF, Prem agreed to tighten fiscal and monetary policies and to enact measures aimed at increasing agricultural productivity and shifting the emphasis on industrial development from import substitution to export promotion. Some of these actions threaten entrenched business interests, however, and the reform package could be quickly discarded. [redacted]

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